

STAFF REQUEST FOR PERMISSION TO PROCEED ON PROPOSED CHANGES TO
CALIFORNIA CODE OF REGULATIONS, TITLE 18, SECTION 19591

SPECIALIZED TAX SERVICE FEES

Revenue and Taxation Code section 19591 sets forth specialized tax service fees for installment payment programs and specific expedited services. The expedited services include corporate revivor requests.

The Franchise Tax Board has recently been granted authority under Assembly Bill 1546 (Stats. 2009, ch. 544) to charge a fee for expedited limited partnership revival confirmation letters. This fee is statutorily set at \$100 until January 1, 2011, at which time it requires regulations to set it and impose it thereafter.

The proposed amendment to Regulation section 19591 would establish a fee in the amount of \$56 for the expedited issuance of limited partnership revival confirmation letters for periods on or after the effective date of the regulation (which is specified under Government Code section 11343.4).

An interested parties meeting was held on March 16, 2010 to solicit input from the public. There was no specific input received from the interested parties as to the amount of the expedited tax service fee for the issuance of limited partnership revival confirmation letters.

After the meeting, department staff decided that all of the specialized tax service fees under Regulation section 19591 should be reevaluated. The department's Economic and Statistical Bureau conducted a cost analysis and determined that the following fees should be adjusted to:

- Installment Payment Program for Individual Taxpayers - \$34
- Installment Payment Program for Business Entity Taxpayers - \$50
- Expedited Services for Corporate Revivor Requests - \$56
- Expedited Services for Tax-Exempt Status Requests - \$40

The expedited service fee for tax clearance certificate requests would remain unchanged, at \$100.

An additional interested parties meeting was held on October 27, 2010 to solicit input from the public. No additional questions or comments were submitted.

The proposed amendments to Regulation section 19591 regarding installment payment program fees, which would result in an increase in these fees, would be effective for requests for installment payment agreements made on or after July 1, 2011. The proposed amendments to Regulation section 19591 regarding expedited service fees, which would result in a decrease in these fees, would be effective for requests for expedited services made on the same date the regulation becomes law under Government Code section 11343.4.

Staff requests permission to begin the formal regulatory process to adopt these regulatory amendments.

Report on Interested Parties Meeting
Revenue and Taxation Code § 19591
Specialized Tax Service Fees
October 27, 2010

Administration

An interested parties meeting was held on October 27, 2010, at 1:00 p.m. at the Franchise Tax Board Central Office in Sacramento. Approximately six individuals attended in person. Representing the department was Delinda Tamagni, Tax Counsel, of the Legal Division.

Background

Regulation section 19591 establishes the amount of specialized tax service fees for installment payment programs and specific expedited services.

The Franchise Tax Board has authority under Assembly Bill 1546 (Stats. 2009, ch. 544) to charge a fee for expedited limited partnership revival confirmation letters. This fee is statutorily set at \$100 until January 1, 2011, at which time it requires regulations to set it and impose it thereafter.

The amendments to Regulation section 19591 would establish the specialized tax service fee for the issuance of a limited partnership revival confirmation letter at \$56 for periods on or after the effective date of the amendments to the regulation. In addition, the fees for the installment payment programs and expedited services set forth in subsection (b) (1) and (2) would also be amended. For the installment payment programs, the fees would increase, with the fee for individual taxpayers \$34 and the fee for business entity taxpayers \$50, both effective on July 1, 2011. For expedited services, the fees would decrease, with corporation revivor requests \$56 and tax-exempt status requests \$40, both effective as of the effective date of the amendments to the regulation.

The purpose of the interested parties meeting was to elicit public input regarding amending current Regulation section 19591 to establish the amount of the specialized tax services fee for the issuance of a limited partnership revival confirmation letter, as well as the revision of existing fees for installment payment programs and other expedited services.

Staff Commentary

Staff opened the meeting by describing the regulation and providing a brief history of the Franchise Tax Board's authority to charge a fee for expedited limited partnership revival confirmation letters.

Attendee Commentary

No questions were asked.

Subsequent Action

At the conclusion of the meeting, staff reiterated its interest in hearing and receiving additional comments.

Section 19591 is amended to read:

§ 19591. Specialized Tax Service Fees.

(a) In general. Revenue and Taxation Code section 19591 requires the Franchise Tax Board to impose fees for certain specialized tax services and to establish the amounts of those fees in the manner and the amounts necessary to reimburse the board for the costs of administering the specialized services, including the Franchise Tax Board's direct and indirect costs for providing specialized tax services.

(b) Specialized tax service fees and amounts. ~~Commencing on January 1, 2006, the~~ The specialized tax service fees shall be as follows:

(1) Installment payment programs.

(A) Individual taxpayers - ~~\$3420.00.~~

(B) Business Entity taxpayers - ~~\$5035.00.~~

(2) Expedited Services.

(A) Corporation revivor requests - ~~\$56100.00.~~

(B) Tax clearance certificate requests - \$100.00.

(C) Tax-exempt status requests - ~~\$4050.00.~~

(D) Limited Partnership revival confirmation letter requests - \$56.00.

(3) For purposes of this regulation, the fees listed in subsection (b) shall be applicable to requests for installment payment agreements or expedited services made on or after:

(A) In the case of fees specified in subsections (b)(1)(A) & (B), July 1, 2011.

(B) In the case of fees specified in subsections (b)(2)(A), (B), (C), & (D), the date the amendments to this regulation becomes effective under Government Code Section 11343.4.

Note: Authority cited: Sections 19503 and 19591, Revenue and Taxation Code.

Reference: Section 19591, Revenue and Taxation Code.